

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, October 23, 2002

DEFERRED MAINTENANCE PROGRAM FUNDING

PURPOSE OF REPORT

To provide funds for the Deferred Maintenance Program (DMP).

DESCRIPTION

The DMP is funded from excess repayments from the State School Building Aid Program, certain State School Site Utilization funds, unallocated carryover from the previous year, and other funds made available by the Budget Act. The excess repayment may be transferred to either the Deferred Maintenance Fund (DMF) or the Lease-Purchase Fund. Up to ten percent of the funds transferred into the DMP and any unallocated carryover from the previous year may be used for extreme hardship projects with the balance available for Basic apportionments. Funding availability for the DMP for 2001/2002 Fiscal Year requests is as follows:

	<u>Amount Available for Basic Apportionments</u>	<u>Amount Available for Extreme Hardships</u>
Excess Repayments (State School Building Aid Program)	\$ 15,566,143	
Site Utilization	2,368,921	
2002/2003 Budget Act	<u>205,548,000</u>	
SUBTOTAL	\$ 223,483,064	
Less Hardship (5.14%)	\$ (11,485,912)	\$ 11,485,912
Carryover From Previous Year (Extreme Hardship)		<u>5,392,677</u>
TOTAL AVAILABLE	\$ <u>211,997,152</u>	\$ <u>16,878,589</u>

Total requests for funding in the DMP for the 2001/2002 Fiscal Year exceed the available funds as follows:

	<u>Requests</u>	<u>Available</u>	<u>Recommended Funding</u>	<u>Balance</u>
Basic Participation:	\$ 236,416,894	\$ 211,997,152	\$ 211,974,336 ²	
Hardship Requests:	14,853,131	<u>16,878,589</u> ¹	<u>14,853,131</u>	
TOTAL	\$ <u>251,270,025</u>	\$ <u>229,875,741</u>	\$ <u>226,827,467</u>	\$ <u>2,048,274</u>

¹ Includes a reserve for one project increase and a pending appeal.

² Includes 100 percent Basic apportionment for critical hardship districts of \$2,073,109.

(Continued on Page Two)

RECOMMENDATIONS

1. Direct the State Controller to transfer excess repayments of \$15,566,143 to the DMF pursuant to Education Code Section 17080.
2. Reserve \$11,485,912 and the unallocated carryover from last year of \$5,392,677 for Extreme Hardship projects in accordance with the SAB policy.
3. Approve and apportion the amounts shown on the attached listing for a combined amount of \$211,974,336. The \$211,974,336 includes \$209,901,227 for non-extreme hardship districts (which represents 89.57 percent of the basic participation) and \$2,073,109 for extreme hardship districts.
4. Approve and apportion the extreme hardship amount of \$14,853,131 shown on the attached listing.

This Item was approved by the State Allocation Board on October 23, 2002.